

IRS News Release

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Memorandum of Understanding Between the Competent Authorities of the United States and Canada Regarding the Mutual Agreement Procedure

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WASHINGTON — On June 3, 2005, the Competent Authorities of the United States and Canada entered into a Memorandum of Understanding (MOU) to establish principles and guidelines to improve the performance and efficiency of the mutual agreement procedure (MAP) process in accordance with the terms set forth in the *United States - Canada Income Tax Convention (1980)*, as amended from time to time.

The fundamental purpose of MAP is to endeavor to resolve double taxation or taxation contrary to a convention. Upon making a MAP request, the taxpayer places responsibility for a principled and timely resolution of the issue in the hands of the respective Competent Authorities and the manner in which the resolution of double taxation is accomplished is at the discretion of the Competent Authorities. It is for this reason the two Competent Authorities have reached the understandings outlined in the MOU.

The complete text of the MOU is available on IRS.gov at http://www.irs.gov/pub/irs-utl/canada_mou_.pdf